

C220062 ✓

# Arnold & Porter

Samuel M. Witten  
Samuel.Witten@aporter.com  
+1 202.942.6115 Direct  
+1 202.942.5999 Fax

October 6, 2021

Honorable Asterio R. Takesy  
Chairman, Joint Committee on Compact Review and  
Planning  
Government of the  
Federated States of Micronesia  
PO Box 2178  
Kolonias, Pohnpei FM 96941

Re: Representation of the Federated States of Micronesia - Contract Extension

Dear Chairman Takesy:

We are very pleased that the Government of the Federated States of Micronesia (the "FSM") has decided to continue to engage Arnold & Porter Kaye Scholer LLP, a Delaware limited liability partnership (the "Firm"), to continue to provide legal and advisory services to the Government. The Firm's initial contracts were for two years starting on October 18, 2016 and then three years starting on October 18, 2018. With the exception of the matters discussed below, this letter when signed by both parties will constitute an extension of the terms of the attached prior engagement letters.

The FSM and the Firm agree to extend our engagement for an additional 12-month period, beginning on October 18, 2021 (the "Extension Period"). The FSM agrees to pay \$62,500 as a fixed monthly fee for professional services during this Extension Period. This fee reflects the anticipated increase in the Firm's workload and its staffing of FSM matters in the upcoming talks with the United States, which will require more time from both our attorneys and our legislative staff than during the previous two contractual periods. In addition to the fixed monthly fee of \$62,500, the FSM will set aside a total of \$20,000 to be made available for expenses during this 12-month period, as provided in Section 3 of the 2016 Agreement. As with the 2016 and 2018 Engagement Letters, the monthly fee agreed to in this letter may be adjusted at any time by joint agreement between the FSM and the Firm, including in connection with any extensions of this agreement.

We appreciate the opportunity to work together and are honored to be able to assist the FSM at this important period in its history.

Sincerely,



Samuel M. Witten

# Arnold & Porter

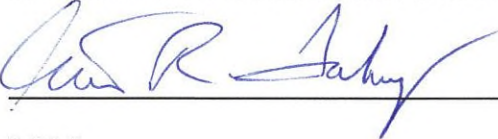
October 6, 2021

Page 2

Attachments: Prior Engagement Letters

ACCEPTED AND AGREED TO:

Honorable Asterio R. Takesy  
Chairman, Joint Committee on Compact Review and  
Planning  
Government of the Federated States of Micronesia



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Additional signatures for the Federated States of Micronesia



Secretary of Finance and Administration



Secretary of Justice

A1-01-04-92-00586-22/8320 = \$675,000.00 ✓  
A1-01-04-92-00586-00/8320 = \$ 95,000.00  
TOTAL \$770,000.00

OK  
10/14/21



# Arnold & Porter

Samuel M. Witten  
Samuel.Witten@aporter.com  
+1 202.942.6115 Direct  
+1 202.942.5999 Fax

October 18, 2018

Honorable Asterio R. Takesy  
Chairman, Joint Committee on Compact Review and  
Planning  
Government of the  
Federated States of Micronesia  
PO Box 2178  
Kolonja, Pohnpei FM 96941

Re: Representation of the Federated States of Micronesia

Dear Mr. Secretary:

We are very pleased that the Government of the Federated States of Micronesia (the "FSM") has engaged Arnold & Porter Kaye Scholer LLP, a Delaware limited liability partnership (the "Firm"), to provide legal and advisory services to the Government. The Firm's initial engagement with the Government has been for a two-year period beginning in October 18, 2016, under the terms of the attached Engagement Letter (the "2016 Engagement Letter").

I write to express the Firm's interest in extending the engagement for an additional three-year term beginning October 18, 2018. With the exception of the matters discussed below, this letter, when signed by both parties, will constitute our renewal of our October 2016 Engagement Letter for a three-year period under the same terms as those in that Engagement Letter.

- The FSM Government and the Firm agree to extend the 2016 engagement for an additional three-year period, beginning on October 18, 2018.
- As reflected in Section 1 of the 2016 Engagement Letter, the Firm's monthly fixed fee retainer of \$35,000 under the 2016 Engagement Letter was subject to an agreed adjustment at the end of the initial two-year period. The FSM and the Firm have agreed to extend our engagement for an additional three-year period beginning on October 18, 2018. During the additional three-year period, the Firm's monthly fixed fee retainer will be \$50,000. Factors justifying the adjustment include (i) the anticipated increase in the Firm's workload in support of the FSM's preparations for negotiations with the United States regarding 2023, (ii) the anticipated schedule of negotiations with the United States, (iii) the anticipated increase on contacts with Congressional Members and staff in support of the FSM interests on Capitol Hill, and (iv) the anticipated increase in research, meeting, and travel time associated with these efforts. As with the 2016 Engagement Letter, the monthly fee agreed to in this letter may be adjusted at any time by joint agreement, including in connection with any extensions of this agreement, and at a minimum will be reviewed by the parties in September 2020.



October 18, 2018

Page 2

- In addition to the monthly fixed fees, the Firm will bill the FSM for expenses outlined in Section 3 of the 2016 Engagement Letter, including travel costs. At this time, \$200,000 is available for these expenses during the three-year period of this extension. The parties agree to consult in the future if it appears that the Firm's actual and necessary expenses in the discharge of its obligations under the engagement may need to exceed \$200,000.

The 2016 Engagement Letter provides that "Requests to the Firm for work to be performed under this agreement for and on behalf of the FSM Government can only be submitted to the Firm by the Secretary of Foreign Affairs and the Secretary of the Department of Justice, or such person as they may specifically designate." This sentence shall be modified to read "Requests to the Firm for work to be performed under this agreement can only be submitted to the Firm by the Chairman of the Joint Committee on Compact Review and Planning (JCRP) and those offices and persons as the JCRP Chairman may specifically designate."

The 2016 Engagement Letter also provides that the Firm shall prepare and submit on a quarterly basis to the Secretary of Foreign Affairs and the Secretary of the Department of Justice a report of work performed under this agreement" This sentence shall be modified to read "The firm shall prepare and submit on a quarterly basis to the Chairman of the Joint Committee on Compact Review and Planning (JCRP), with copies to the Secretary of Foreign Affairs and the Secretary of the Department of Justice, a report of work performed under this agreement."

The 2016 Engagement Letter also provides in Section 4 that "the Firm shall provide copies of this statement (for Fees and Expenses) to both the Secretary of Foreign Affairs and the Secretary of the Department of Justice." This sentence shall be modified to read "The Firm shall provide a copy of this statement to the Chairman of the Joint Committee on Compact Review and Planning (JCRP), with a copy to the Secretary of Finance."

Once again, we appreciate the opportunity to work together.

Sincerely,

A handwritten signature in blue ink that reads "Samuel M. Witten".

Samuel M. Witten



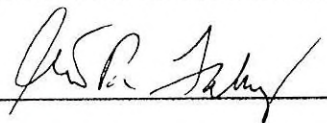
# Arnold & Porter

October 18, 2018

Page 3

ACCEPTED AND AGREED TO:

Honorable Asterio R. Takesy  
Chairman, Joint Committee on Compact Review and  
Planning  
Government of the Federated States of Micronesia

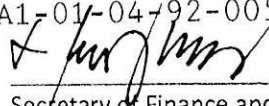
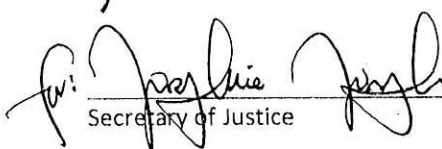
  
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Additional signatures for the Federated States of Micronesia

A1-01-04-92-00586-00/8310 = \$1,800,000.00

A1-01-04-92-00586-00/8310 = \$200,000.00

  
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Secretary of Finance and Administration  
\_\_\_\_\_  
Secretary of Justice

## ARNOLD & PORTER LLP

Samuel M. Witten  
Samuel.Witten@aporter.com

+1 202.942.6115  
+1 202.942.5999 Fax

601 Massachusetts Ave., NW  
Washington, DC 20001

October 9, 2016

**BY EMAIL FOLLOWED BY HARD COPY**

Hon. Lorin S. Robert  
Secretary, Department of Foreign Affairs  
Government of the  
Federated States of Micronesia  
PS123, Palikir  
Pohnpei State, FM 96941

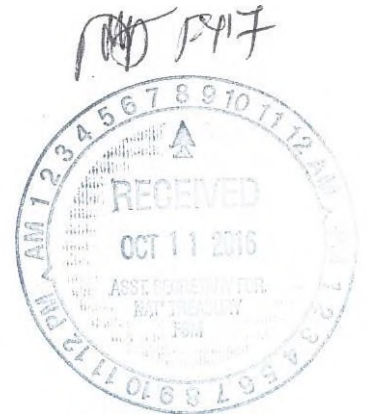
Re: Representation of the Federated States of Micronesia

Dear Mr. Secretary:

We are very pleased that the Government of the Federated States of Micronesia (the "Government") has engaged Arnold & Porter LLP, a limited liability partnership organized under the laws of the District of Columbia (the "Firm"), to provide legal and advisory services to the Government.

The Firm's scope of work under this agreement will include: (i) advising the Government on matters relating to the Compact of Free Association between the Federated States of Micronesia (the "FSM") with the United States and related U.S. laws, (ii) assisting the Government in its upcoming negotiations with the United States leading to an updated Compact relationship beginning in the year 2023, (iii) providing other general advice on U.S. law and other representation before the U.S. Congress and Executive Branch, (iv) developing and enhancing the FSM's relationships with the U.S. Congress and Executive Branch, and (v) providing advice and assistance to the FSM in dealing with other governments, international organizations, and non-profit organizations. The Firm's work in these areas at any given time will be decided through regular mutual consultations between the Government and the Firm.

Requests to the Firm for work to be performed under this agreement for and on behalf of the FSM Government can only be submitted to the Firm by the Secretary of Foreign Affairs and the Secretary of the Department of Justice, or such person as they may





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ARNOLD & PORTER LLP

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October 9, 2016

Page 2

specifically designate. The Firm shall prepare and submit on a quarterly basis to the Secretary of Foreign Affairs and the Secretary of the Department of Justice a report of work performed under this agreement.

The purpose of this letter is to set forth our mutual understanding as to the basis on which the Firm will represent the Government with respect to these matters and such additional matters as we may mutually agree. The Firm has developed a fixed fee arrangement for the Government in connection with the initial work the Firm agrees to perform on the Government's behalf.

1. Fee Calculation. The Firm will charge the Government a fixed fee retainer of \$35,000 per month for this matter, beginning on the date that this agreement is signed by representatives of the Firm and the Government. This amount may be adjusted in the future, including in connection with any extensions of this agreement, if both parties agree.

The Firm and the Government understand that this fixed fee applies to the legal and advisory services described above and not to litigation or arbitration for or on behalf of the Government or similar matters beyond the scope of work described above. If such other matters arise and the Government and the Firm mutually agree that the Firm would represent the Government in connection with such other matters, the Government and the Firm will negotiate a separate billing arrangement for such matters.

2. Term of this Agreement. The term of this agreement shall be for an initial period of up to two years commencing on the date that this agreement is signed by representatives of the Firm and the Government. This agreement may be extended by mutual agreement of the Firm and the Government.

3. Reimbursement for Expenses. In performing this engagement (and separately from the fees discussed above in paragraph 1) the Firm may make disbursements and incur internal charges in connection with its work on the Government's behalf. These are likely to include disbursements or charges for such items as travel and transportation expenses (including subsistence expenses while on travel); express delivery and express postage charges; duplicating charges; expenses associated with overtime work; and any special computer, data processing, or similar expenses that are beyond the capacity of the Firm's existing system. The Firm will bill the Government at cost for charges paid to third parties, and charges for internal services will be billed at the Firm's usual and customary rates for such services. A schedule of our current charges for expenses is attached hereto.



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ARNOLD & PORTER LLP

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October 9, 2016

Page 3

4. Statements for Fees and Expenses. On a regular basis, generally every month, the Firm will send the Government a statement covering the Firm's fee charges and expenses, providing such reasonable detail as the Government may require. Each such statement shall include standard wiring instructions for the payment of such fee charges and expenses. The Firm shall provide copies of this statement to both the Secretary of Foreign Affairs and the Secretary of the Department of Justice.

All such statements are due and payable within thirty (30) days following the Government's receipt of them. We understand that internal accounts payable processing may occasionally cause delays in the payment of our statements, and I am sure that you understand that undue delays in the payment of our statements increase our costs in providing legal services to all of our clients. For this reason, and in order to avoid burdening clients who pay the Firm's statements promptly with the costs the Firm incurs when others are late, the Firm reserves the right to impose an additional charge of one percent (1%) per month from the statement date if statements are not paid in a timely manner. Furthermore, if the Firm's fees are not timely paid, the Firm reserves the right to terminate services and withdraw from any matter, proceeding or case then pending, so long as the Firm's withdrawal can be accomplished in accordance with applicable Rules of Professional Responsibility. Additionally, should it become necessary, the Government will be responsible for any costs and attorneys' fees incurred by this Firm in collecting any unpaid and outstanding balances owed.

Pursuant to Part 137 of the Rules of the Chief Administrator of the New York Courts, we advise all our clients that, if a dispute arises over the Firm's fees, and the Firm's representation has involved work by a New York attorney and a material amount of work in New York, the Government may have the right to arbitration of such dispute. (Although we do not now foresee this being the case in our assistance to the Government, this is a standard notification we make in our agreements.)

5. Waiver of Future Conflicts. Arnold & Porter LLP is a national and international law firm that represents a diverse array of individuals, companies and other entities. A summary of the Firm's current practice areas and the industries in which the Firm represent clients can be found on our web site at [www.arnoldporter.com](http://www.arnoldporter.com). Some of the Firm's current or future clients may have matters in conflict with the Government. Such matters could pose a variety of risks, direct or indirect, to your legal, financial or other interests. So that we are not unnecessarily conflicted from representing you or our other clients, we routinely ask clients for advance waivers of conflicts of interest in matters



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ARNOLD & PORTER LLP

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October 9, 2016

Page 4

distinct from the matters on which we represent them. Thus, by accepting this letter, you agree that we will not be disqualified by reason of our representation of you from representing any client with interests adverse to you in litigation, transactions or other matters that are not substantially related to the matters on which we have been retained by you.

The Government acknowledges that, with respect to information that the Firm acquires during the representation of the Firm's other clients, neither the Government nor any other person or entity will have any right or expectation of access to or use of such information. We will similarly hold your information and secrets in confidence.

The occasion might arise for the Firm to consult regarding our engagement for you with our own counsel—our General Counsel or other firm lawyers—or with our own outside counsel at our expense. To the extent that we are addressing our own rights or responsibilities, a conflict of interest might be deemed to exist between us and you as to such consultation. Accordingly, a condition of this engagement is that you consent to such consultation occurring, and waive any claim of conflict of interest based on such consultation. You also acknowledge that such communications are protected by our own attorney-client privilege from disclosure to you.

In addition, this letter confirms our understanding that, unless we reach an explicit understanding to the contrary, the Firm is being engaged by, and will represent, the Government and not any other entity or entities.

6. Promotional Materials. You agree that the Firm may identify the Government as a client in the Firm's promotional materials, including the Firm's web site, and may describe the general nature of the Firm's representation of the Government. The Firm will not disclose any specific nonpublic matters in any promotional materials without the Government's prior approval.

7. Conclusion of Our Representation. You are free to terminate the Firm's services at any time. In addition to the reasons described in Section 4, the Firm reserves the same right so long as the Firm's withdrawal can be accomplished in accordance with applicable law.

8. Retention of Records. The Firm adopts policies from time to time concerning the retention or destruction of records relating to engagements by clients. When the Firm completes a particular matter that the Government has assigned to us, upon

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ARNOLD & PORTER LLP

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October 9, 2016

Page 5

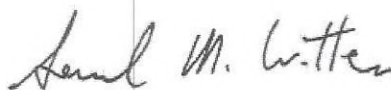
the Government's request, the Firm will return to the Government all records the Government has provided to the Firm, but the Firm may maintain archival copies of documents in the Firm's client working file as a part of normal recordkeeping of the Firm's work for its clients. Such material and our communications with you would be protected under the U.S. law of attorney-client privilege, as well as any applicable protections under Article 24 of the Vienna Convention on Diplomatic Relations of 1961. In referring to records, we include electronic and 'hard copy' records.

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If you have any questions about the matters described above, please let us know. This agreement contains important information about your rights, obligations and agreements with us, so we encourage you to consult independent counsel or any other advisor you wish about the information set forth above, including the conflict of interest waivers sought in this letter, the financial and other obligations that you are undertaking in this agreement, and the procedures for resolution of disputes.

Once again, we appreciate the opportunity to work together.

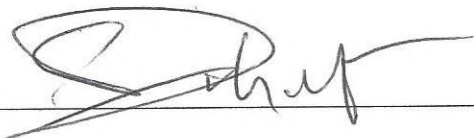
Sincerely,



Samuel M. Witten

ACCEPTED AND AGREED TO:

Hon. Lorin S. Robert  
Secretary, Department of Foreign Affairs  
Government of the Federated States of Micronesia



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ARNOLD & PORTER LLP


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October 9, 2016

Page 6

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Additional signatures for the Federated States of Micronesia

 10/18/16  
\_\_\_\_\_  
Secretary of Finance and Administration

 10/9/16  
\_\_\_\_\_  
Secretary of Justice

\$ 420,000 Ry '17 Fee  
\$ 25,000 Reimbursable  
\$ 445,000

Attachment (Expenses Charged to Clients)

**EXPENSES CHARGED TO CLIENTS**  
**As of January 1, 2015**

<b>CHARGES PAID TO THIRD PARTIES</b>		
<u>Disbursement Category</u>	<u>Standard Client Charge</u>	<u>Description</u>
Transportation Allowance	cost	Taxi, Parking or Subway charge for employees who work in excess of 2 hours overtime
Meal Allowance	cost	Meal reimbursement (not to exceed \$10 (\$20 - NY) for staff) for meals incurred by employees who work in excess of 2 hours overtime
Other Computer Research	cost	Excludes Lexis and Westlaw; includes Dun & Bradstreet, Courthouse News Service, etc.
Telephone	n/c	No charge
Travel	cost	Costs of airfare, travel agency fees, meals, lodging, etc.
Local Transportation	cost	Costs of taxis, subways, etc.
Local Meals	cost	Costs of meals not incurred on travel status
Outside Duplicating	cost	Costs of duplicating jobs sent to outside vendors
Equipment & Furniture Rental	cost	Only charged when preauthorized by client
Postage	n/c	No charge
Air Delivery Services	cost	Includes Federal Express, DHL, etc.
Meetings & Functions	cost	Costs of meals and beverages provided at meetings
Local Counsel/Outside Counsel	cost	Cost of local/outside counsel fees and disbursements
Arbitrators	cost	Costs of arbitration fees
Consulting Fees	cost	Costs of consultants, outside experts, etc.
Depositions & Transcripts	cost	Costs of depositions, transcripts, etc.
Filing Fees	cost	Costs of court and agency, filing fees
Litigation Support	cost	Costs of case technology/e-discovery
Witness Fees	cost	Costs of witness fees



**CHARGES FOR INTERNAL SERVICES**

<u>Category</u>	<u>Standard Client Charge</u>
Lexis and Westlaw Computer Research	<p>Clients benefit from the Firm's favorable flat fee arrangements with Lexis and Westlaw.</p> <p>The Firm obtains favorable rates for computerized research by paying Lexis and Westlaw a flat fee. The effective discount off the standard Lexis and Westlaw rates will, however, depend on usage. The Firm, generally on a quarterly basis, calculates the effective discount based on actual usage and applies that discount to charges for computer research until the next accounting period. Lexis is currently discounted by 40% and Westlaw is currently discounted by 85%.</p>
Duplicating	<p>\$0.15 per copy \$0.75 per copy – Color Note: Pricing for individual duplicating jobs in excess of 25,000 prints may be individually negotiated</p>
Binding	No charge
Telecopy	No charge